

DONELAN, CLEARY, WOOD & MASER, P. C.

ATTORNEYS AND COUNSELORS AT LAW

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WASHINGTON, D. C. 20005-4006

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1-269A035

September 26, 1991

RECORDATION NO. 17539 FILED 1423

SEP 26 1991 -10 55 AM

INTERSTATE COMMERCE COMMISSION

SEP 26 10 55 AM '91
NOT FOR OFFICIAL USE

The Honorable Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Secretary Strickland:

Enclosed for recordation, under the provisions of 49 U.S.C. § 11303(a) and the regulations thereunder, are three executed originals of the Security Agreement, a primary document, dated as of July 26, 1991, by and between General Electric Company ("Secured Party") and John and Linda Palmer ("Owners").

The names and addresses of the parties to the enclosed document are as follows:

SECURED PARTY: General Electric Company
2025 49th Avenue North
Minneapolis, MN 55430

OWNERS: John and Linda Palmer
2801 Flag Avenue North
New Hope, MN 55427

A description of the railroad car covered by the enclosed document follows:

One (1) Railway Service Car (Roadway Maintenance Training Car), built by A.C.F. in 1951, bearing the following mark and number: BN B-11 (converted from GN 1210), and named: "Plum Creek."

Letter to Secretary Strickland
September 26, 1991
Page 2

The undersigned is the attorney-in-fact for purposes of this filing. Please return the original of the enclosed document to John K. Maser III, Esquire, Donelan, Cleary, Wood & Maser, P.C., Suite 850, 1275 K Street, N.W., Washington, D.C. 20005-4006 or the bearer hereof.


Also enclosed is a remittance in the amount of \$15.00 for the required recording fee.

A short summary of the document to appear in the index follows:

PRIMARY DOCUMENT

Security Agreement, dated as of July 26, 1991, by and between General Electric Company ("Secured Party") and John and Linda Palmer ("Owners"), covering one (1) Railway Service Car (Roadway Maintenance Training Car), built by A.C.F. in 1951, bearing the following mark and number: BN B-11, (converted from GN 1210), and named: "Plum Creek."

Respectfully submitted,

By 
John K. Maser III
Attorney-In-Fact

Interstate Commerce Commission

Washington, D.C. 20423

9/26/91

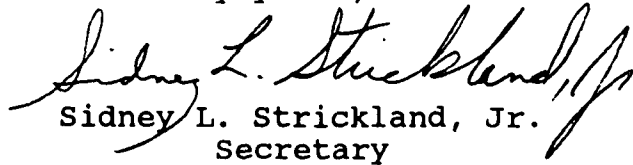
OFFICE OF THE SECRETARY

John K. Maser III
Donelan, Cleary, Wood & Maser, P.C.
Ste. 850
1275 K Street, N. W.
Washington, D. C. 20005-4006

Dear Sirs:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/26/91 at 10:55AM , and assigned recordation number(s). 17539.

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

SECURITY AGREEMENT

17539
SEP 26 1991 -10 55 AM
FILED 1425

INTERSTATE COMMERCE COMMISSION

THIS SECURITY AGREEMENT ("AGREEMENT") is entered into this 26th day of July 1991 by and between GENERAL ELECTRIC COMPANY ("GE"), a corporation having offices at 2025 49th Avenue North, Minneapolis, MN, 55430, and JOHN AND LINDA PALMER ("OWNERS"), the owners of a rail car named "Plum Creek" (the "COLLATERAL"), residing and doing business at 2801 Flag Avenue North, New Hope, MN, 55427.

WHEREAS, OWNERS purchased the Collateral from Diesel Traction Corp., which obtained it from Great Northern Railroad (f/k/a Burlington Northern Railroad); the specifications of the Collateral are attached as Exhibit A; and

WHEREAS, pursuant to invoice #Y06150417 dated July 27, 1988 in the amount of \$53,570.00, invoice #Y06150689 dated November 23, 1988 in the amount of \$11,160.00, and invoice #Y06150065 dated February 1, 1989 in the amount of \$4,742.60, plus \$20,339.49 interest and \$1,000 attorneys fees, the total amount of \$90,912.09 (the "debt") is owed to GE by the OWNERS (as of July 31, 1991) for services and materials performed at the OWNERS' request on the rail car named Plum Creek, and

WHEREAS, GE has retained possession of the rail car in order to maintain its repairman's lien upon the rail car to secure payment of the debt, and

WHEREAS, the OWNERS lack sufficient funds to pay the debt to GE, and

WHEREAS, the OWNERS desire possession of the rail car in order to charter it and generate income, and

WHEREAS, GE is willing to release possession of the rail car only if GE retains a security interest therein, and

WHEREAS, in order to secure the performance of the payment obligations to GE set forth above, the OWNERS are willing to provide GE with a security interest, and

WHEREAS, the parties desire to set forth certain rights and obligations with regard to the foregoing, all as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and agreements hereinafter set forth and other good and valuable consideration, the receipt of which is hereby acknowledged, and intending to be legally bound, the parties agree as follows:

1. It is understood and agreed that the OWNERS hereby assign to GE a security interest in and to the rail car, and in the items in paragraph 7, below.
2. GE will surrender possession of the rail car to the OWNERS after this agreement has been filed with the Interstate Commerce Commission pursuant to 49 U.S.C. section 11303.
3. OWNERS shall keep the rail car at their risk of loss. The rail car shall be kept insured by OWNERS for its full value against loss by fire, and all other expected risks to which it is exposed, with extended coverage and waiver of subordination endorsements, in companies acceptable to GE. Insurance policies providing such coverage shall be delivered to GE. GE shall be named as primary beneficiary of any proceeds from said insurance policy. Payment to GE is limited to the debt owed at such time. If OWNERS fail to provide such insurance, GE may at its option do so and any payments so advanced shall be additional indebtedness owed by OWNERS to GE and secured hereunder, without waiver, however, of any rights arising from breach of any covenants herein.
4. OWNERS will pay or discharge all sums claimed by any party which, if unpaid, might become a lien, charge or security interest on or with respect to the rail car and will promptly discharge any lien, charge or security interest which arises, but will not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in a reasonable manner and the non-payment thereof does not, in GE's reasonable opinion, adversely affect the title or interest of GE in or to the rail car. Any amounts paid by GE in discharge of such liens, charges, or security interests upon the rail car shall be secured by and under this agreement, without waiver, however, of any right arising from breach of any of the covenants herein.

5. OWNERS shall at all times keep accurate and complete records of the use of and proceeds received from chartering or from any other use of the rail car and proceeds, and shall forward a monthly report of these items to GE. OWNERS shall also notify GE of all future charters/lessees at least five (5) days in advance of an upcoming charter or lease, and provide GE with a copy of all agreements signed with their customers.

6. OWNERS will sign and execute alone or with secured party any financing statement or other document or procure any document and pay all connected costs necessary to protect the security interest under this Security Agreement against the rights or interests of any third person.

7. Upon delivery of the rail car to OWNERS, title shall remain with OWNERS, provided, however, that GE shall and does retain its repairman's lien and OWNERS hereby give and grant to GE a security interest in all of the following ("Collateral"):

A. The rail car; and

B. All parts installed on, additions to, and replacements made to, the rail car; and

C. All proceeds of 7.(A) and (B) including, but not limited to, any insurance payable as a result of damage to, or loss or destruction of, the rail car, and the proceeds and receivables from OWNERS' customers who lease or charter the rail car; OWNERS and/or GE shall tell OWNERS' customers to send all payments directly to GE.

8. OWNERS (or their customers) shall pay to GE each month:

1. All gross income (proceeds and receivables) or the amount due under the Promissory Note, whichever is greater, and

2. The proceeds of OWNERS' (1) social security settlement and estate settlement, and (2) the sale of the OWNERS New Hope condominium, as such amounts are received.

9. When GE has been paid in full for the amounts outstanding, absolute right to the possession of, title to, and property in, the Collateral shall be passed to and vest in the OWNERS without further transfer or action on the part of GE. However, GE will execute and deliver to OWNERS for filing, recording or depositing in all necessary public offices, such written instruments as may be necessary or appropriate to make it clear upon the public records the OWNERS' title to the Collateral.

10. The following shall constitute a default hereunder ("Default"):

A. OWNERS shall fail to pay the periodic payments due pursuant to this Agreement and such failure shall continue for ten (10) business days after each payment is due and payable; or

B. Default shall be made in the observance or performance of any other of the covenants or conditions under this agreement and such Default shall continue for thirty (30) days after written notice from GE specifying the Default and demanding that same be remedied; or

C. The discovery of any misrepresentation or material falsity made or furnished by OWNERS to GE, whether or not in connection with this agreement.

In the event of a Default, GE shall have all of the rights and remedies of a secured party under Article 9 of the Uniform Commercial Code, and GE may request payment be made directly to it by OWNERS' customers.

11. Without limiting the foregoing, in case GE shall demand possession of the Collateral and shall designate any reasonable point or points for the delivery of the Collateral, the OWNERS shall, at their own expense and risk:

A. Forthwith and in the usual manner (including but not by way of limitation giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which the Collateral may have been interchanged or which may have possession thereof to return the Collateral) cause the Collateral to be placed upon such storage tracks of GE or any of its affiliates as GE may designate;

B. Permit GE to store the Collateral on such tracks at the risk of the OWNERS without charge for rent or storage until the Collateral has been sold, leased, or otherwise disposed of by GE; and

C. Cause the equipment to be transported to any reasonable place, at GE's location in Minnesota, or to any carrier for shipment, all as directed by GE.

D. However, OWNERS shall not be required to transport the collateral while a lease or charter is still continuing, unless the OWNERS' lessee fails to make payments to GE after being directed to do so.

12. During any storage, the OWNERS will permit the inspection of the Collateral by GE, GE's representatives and prospective purchasers, lessees and users.

13. The OWNERS understand that GE intends to file this agreement with the Interstate Commerce Commission pursuant to 49 U.S.C. section 11303. In addition, the OWNERS will from time to time do and perform any reasonable act and will execute, acknowledge and deliver all further instruments required by law or reasonably required by GE to properly protect, to the reasonable satisfaction of GE, GE's interest in the Collateral and its rights under this agreement for the purpose of carrying out the intention of this agreement.

14. Any notice required or permitted hereunder shall be deemed to have been received by the addressee on the date of actual receipt (if such date is a business day, otherwise on the next business day), if transmitted by mail, courier, telex, telecopy or similar transmission, or by hand, addressed as follows:

To GE:

General Electric Company
Minneapolis Service Shop
2025 49th Avenue North
Minneapolis, MN 55430
Attn: Manager

To OWNERS:

John and Linda Palmer
2801 Flag Avenue North
New Hope, MN 55427

Or at such other address as may have been furnished in writing by such party to the other parties referred to above.

15. OWNERS agree and affirm:

- A. That information supplied and statements made prior to or pursuant to this Security Agreement will be true and correct, and
- B. That no financing statement or other filing with possible priority over GE's interest and no filing attempting to cover the Collateral is on file in any public office, and that there is no adverse lien, encumbrance or security in or on the Collateral, and
- C. That the address of residence and place of business is only that appearing below the signature of OWNERS, and
- D. That GE does not hereby assume responsibility for the existence, quantity, quality, condition, value or delivery of the Collateral, and
- E. That debtor will defend the Collateral and its proceeds against the claims and demands of all other persons, and
- F. That nothing herein is intended to be construed as a waiver of any lien GE may have against the Collateral. Any such rights are in addition to the security granted herein and are expressly reserved.

16. GE may enter upon OWNERS' premises at any reasonable time to inspect the Collateral and OWNERS' books and records pertaining to the Collateral or its proceeds. OWNERS shall assist GE in whatever way necessary to make any such inspection, especially if the collateral is located elsewhere.

17. GE may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

18. GE shall shall not be deemed to have waived any of its rights under this agreement unless the waiver is in writing signed on behalf of GE. No delay in

exercising GE's rights shall be considered a waiver of such rights on a future occasion.

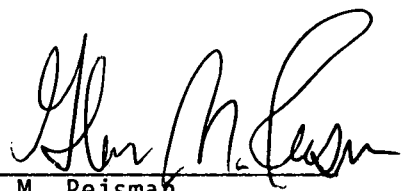
19. "OWNERS" and "GE" as used in this Security Agreement include the heirs, executors, administrators, successors and assigns of those parties.

20. All terms herein and the rights, duties and remedies of the parties shall be governed by the laws of Minnesota and the Interstate Commerce Commission. Any part of this Security Agreement contrary to any law having jurisdiction over this agreement shall not invalidate other parts of this Security Agreement.

21. Modification of any terms of this Security Agreement shall not be enforceable unless in writing and signed by GE and by OWNERS.

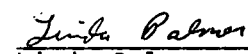
WITNESS the execution hereof this 26th day of July 1991.

GENERAL ELECTRIC COMPANY ("GE")

By: 
Glenn M. Reisman
General Electric Company
1285 Boston Avenue, Bldg 22EW
Bridgeport, CT 06601-2385

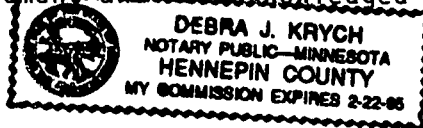
JOHN AND LINDA PALMER ("OWNERS")

By: 
John Palmer

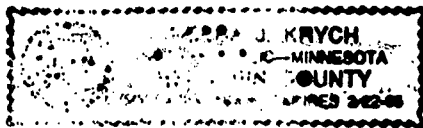
By: 
Linda Palmer
2801 Flag Avenue North
New Hope, MN 55427

STATE OF MINNESOTA
COUNTY OF Hennepin

On this 18th day of September, 1991, before me, personally appeared John Palmer, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.



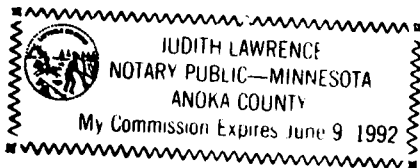
[Seal]



Debra J. Krych
Signature of Notary Public
My commission expires: 2-22-95

On this 18th day of September, 1991, before me, personally appeared Linda Palmer, to me known to be the person described in and who executed the foregoing instrument and she acknowledged that she executed the same as her free act and deed.

[Seal]



Judith Lawrence
Signature of Notary Public
My commission expires: 6-9-92

STATE OF CONNECTICUT
COUNTY OF FAIRFIELD

On this 26th day of July, 1991, before me, personally appeared Glenn M. Reisman, to me personally known, who being by me duly sworn, says that he is the Counsel-Credit & Collections of General Electric Company, that the seal affixed to the foregoing instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]

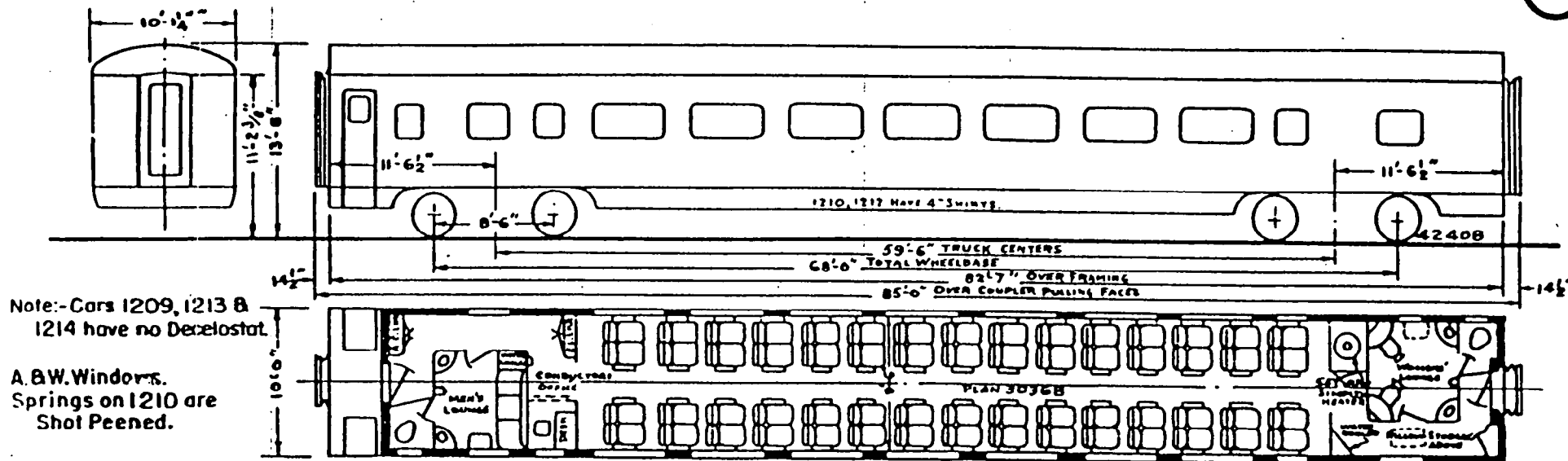
Subscribed and Sworn to before me, a Notary
Public, in and for County of Fairfield
and State of Connecticut, this 26 day of
July 1991

Frank Levine
Signature of Notary Public # 90161
My commission expires: March 31, 1994

Built by A.C.B.F.-1951(Lot 3444)

COACH Nos. 1209, 1210, 1212 to 1214.

123



FE 77477, 84495.

E.B. Colors.

PBA

Weight _____ 146700 Lbs.	Truck Centers _____ 59'-6"	Air Brake _____ HSC	Finish-Exterior _____ Painted Steel
Length Over Framing _____ 82'-7"	Wheelbase-Truck _____ 8'-6"	" " Cyl. _____ 7 1/2" Dia. Budd	" -Interior _____ "
" " Buffers _____ 85'-0"	" -Total _____ 68'-0"	" Conditioning _____ 8 Ton _____ Mechanical	Lighting _____ 25 KW. Diesel Gen. _____ Electric
Width " Framing _____ 10'-0"	Wheels _____ Rolled Steel _____ 36"	Heating _____ Vapor	Draft Gear _____ WM-6-DP _____ Waugh
" " Crown Mldg. _____ 10'-1 1/4"	Journals _____ Timken R. Brg. _____ 6" x 11"	Water System _____ Pressure	Buffer _____ Spring
Seating Capacity _____ 60	Kind Of Truck _____ Cast Steel	" Capacity _____ 250 Gals	Coupler _____ Titlelock
Truck Brakes _____ Disc _____ Budd	Wheel Slip Control (Hoyer) _____ Decelostat	Heater (Auxil.) _____ Vapor No. 561	
Handbrake _____ Peacock 800RC _____ Lever			

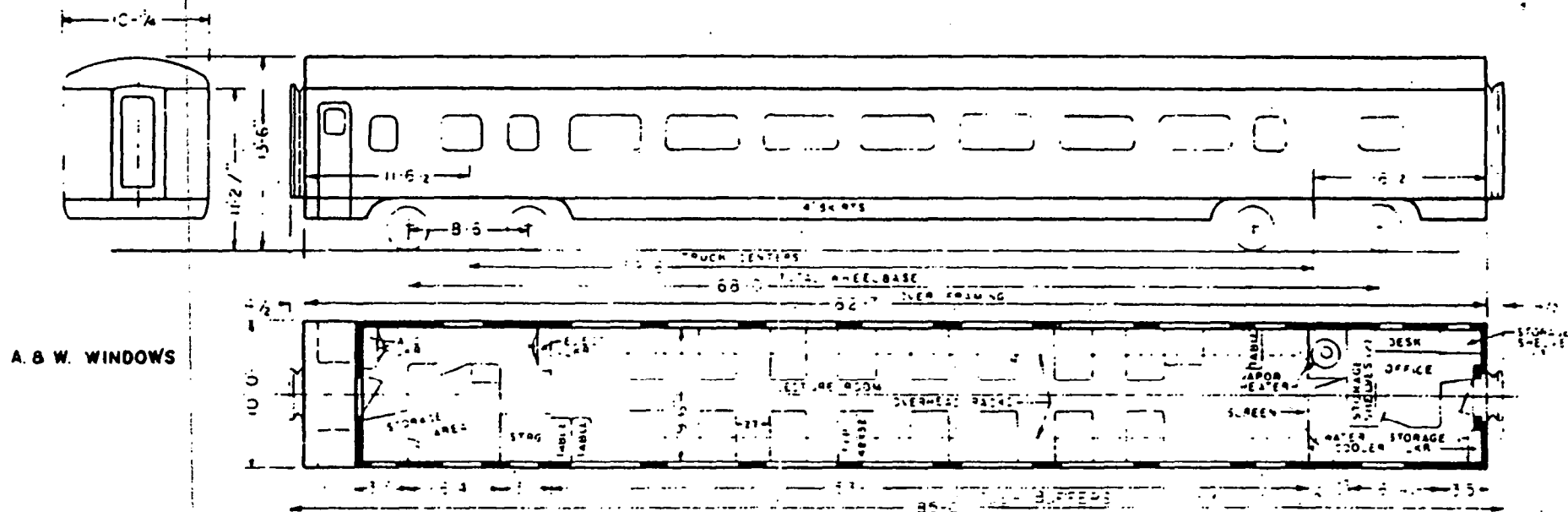
RAILWAY SERVICE CAR B-11 (ROADWAY MAINTENANCE TRAINING CAR)

BLT. BY A.C.F. 1951

CONVERTED FROM GN 1210 TO BN B-11 1976

ALL STEEL

D-7



ACCOMMODATIONS SEATING CAPY SEATS 33 AIR BRAKES TYPE HSC CYLINDER 8 @ 7" HANDBRAKE 800RC PEACOCK AIR CONDITIONING TYPE WAUK 8-TON CONDENSER WET COMMUNICATIONS TELEPHONE EQPT. TRAIN RADIO NONE RADIO & STEREO NONE	DRAFT GEAR COUPLER WAUGH WM-6-DP TITELOCK "H" BUFFER SPRING ELECTRICAL A.C. ALTERNATOR 2 KW D.C. ENG. GEN. DIESEL 25 KW AXLE GEN. NONE STANDBY POWER NONE BATTERIES 720 AMP HOURS-32V FUEL SYSTEMS CAPY -DIESEL FUEL 200 GALS	HEATING SYSTEM MODUZONE TRAINLINE STEAM 2" STANDBY-LOW PRESSURE BOILER VAPOR 557 HOT WATER CIRCULATING-FLOOR ONLY TOILET NONE TRUCKS TYPE 4 WHL. G.S.I. CORP. WHEEL ASSY. SEE NOTE #1 JOURNALS RB 6 x 11 BRAKES BUDD DISC WHL. SLIP CONTROL. DECELOSTAT	WATER SYSTEMS NOT USED TYPE AIR PRESSURE CAPY. 250 GALS. WEIGHT TOTAL 146700 LBS. DUMMY END 72000 LBS. VEST. END 74700 LBS. NOTES 1. 4 ITEM #106 LAST HEAVY OVERHAUL .NO DATE TRUCK ARRG'T DWG. GN 42408 FLOOR PLAN DWG. BN 106264
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